



U.S. Department of Justice

Southern District of Indiana

United States Attorney

10 West Market Street

(317) 226-6333

*Suite 2100
Indianapolis, Indiana 46204-3048*

TDD (317) 226-5438

May 30, 2006

*FAX NUMBERS:
Criminal (317) 226-6125
Administration (317) 226-5176
Civil (317) 226-5027
FLU (317) 226-6133
OCDETF (317) 226-5953*

CONTACT PERSONS:

SUSAN W. BROOKS
United States Attorney
(317) 226-6333

FOR IMMEDIATE RELEASE:

Former Insurance Agent Sentenced to 10 Years Imprisonment for \$1.4 Million Dollar Fraud

PRESS RELEASE

Susan W. Brooks, United States Attorney for the Southern District of Indiana, announced that CURTIS WAYNE KNECHT, age 45, a resident of Fountain County, Indiana, was sentenced by U.S. District Judge Sarah Evans Barker to 10 years imprisonment today following his conviction for multiple counts of bank fraud, insurance fraud, and filing false federal income tax returns. Judge Barker said that the scope of KNECHT's criminal conduct, "takes your breath away." The charges arose from a joint investigation by the Indiana State Police, Internal Revenue Service Criminal Investigation, and Federal Bureau of Investigation.

KNECHT worked for over 19 years as an insurance agent for Farm Bureau Insurance from an office in Veedersburg, Indiana. Between 1992 and March 25, 2005, KNECHT devised

and executed a scheme to defraud 21 of his insurance customers and Farm Bureau Insurance, thereby causing a total loss to these persons and his employer of more than \$1,400,000.

KNECHT pled guilty to fraudulently obtaining money from Farm Bureau's bank accounts by devising and executing a scheme to steal funds from the insurance policies issued to his customers. He accomplished this through five different methods:

- 1) KNECHT caused Farm Bureau to send checks to his customers by preparing and submitting false and fraudulent documents to Farm Bureau by requesting loans against insurance policies, surrendering life insurance policies, embezzling refunded premium checks, and embezzling a dividend check;
- 2) KNECHT made numerous false and fraudulent representations about the amounts and terms of life insurance policies;
- 3) KNECHT accepted premium checks from his customers while falsely telling these customers that the payments would be forwarded to Farm Bureau, and then deposited the checks into his account rather than forwarding them to Farm Bureau;
- 4) KNECHT stole cash that was intended to pay for a Farm Bureau insurance policy; and
- 5) KNECHT improperly changed the terms of an insurance policy to fraudulently obtain a commission.

KNECHT diverted checks and U.S. Currency from at least 21 of his customers and Farm Bureau, totaling approximately \$1,027,591.67. As a result of the scheme, KNECHT's customers and Farm Bureau suffered a total loss of over \$1,400,000 in the form of stolen insurance

premiums, fraudulently inflated commissions and bonuses, unpaid life insurance death benefits, unauthorized surrenders of insurance policies, unauthorized loans against policies, income tax liabilities, and other damages.

KNECHT also failed to report the income he made through this crimes on the income tax returns he filed from the 1999 through 2004 tax years.

According to Assistant United States Attorney Steven D. DeBrotta, who prosecuted the case for the government, KNECHT was ordered to pay \$1,172,452.62 to Farm Bureau and his customers. KNECHT was also ordered to pay \$167,300 in restitution for the income tax offenses to the U.S. Internal Revenue Service. KNECHT was taken into custody to begin serving his sentencing at conclusion of the hearing.

###

20060530.Knecht.wcf.wpd